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January 19, 2005

VIA FACSIMILE 415-617-2409 & MAIL

Kim W. West, Esq.
Tucker Ellis & West LLP
555 California Street, Suite 3150
San Francisco, CA 94104

Re: *Unified Western Grocers, et al. v. Twin City Fire Insurance Company*

Your Insured: Unified Western Grocers, Inc., et al.
Policy No.: NDA0105226-01
Claim No.: 02-287-634
Your File No.: 51042/24856

Dear Mr. West:

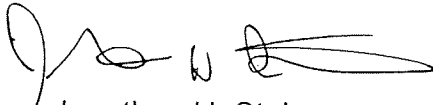
This letter is to inform you that Defendants Unified Western Grocers, Inc., Certified Grocers of California, Ltd. (now known as Unified Western Grocers, Inc.), Grocers Specialty Company, Alfred Plamann, Daniel Bane, Charles Pilliter, Robert M. Ling, Jr. and David Woodward (hereinafter collectively "the Unified Defendants") have reached a tentative global settlement of all claims against the Unified Defendants and Sheppard Mullin Richter Hampton in Yee v. Unified et al., Civil No. 02-00164, Yee v. Unified et al., 02 - 00668, and Value Recovery Group, L.P. v. Unified, et al., Civil No. 04-1-0355-02. The proposed settlement is subject to the approval of the Board of Unified Western Grocers, Inc., as well as approval of the Bankruptcy Court and a good faith determination. The settlement essentially provides for payment of \$500,000 to settle the claims in Yee v. Unified et al., Civil No. 02-00164, and payment of \$2,000,000 to settle the claims in Yee v. Unified et al., Civil No. 02-00668, as well as the claims in Value Recovery Group, L.P. v. Unified, et al., Civil No. 04-1-0355-02.

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Notice is hereby given pursuant to the terms of Policy, in particular Section III (A) of the Policy, which purports to require the Twin City Fire Insurance Company's consent to any settlement. If Twin City has any objection to the proposed settlement, please inform us by no later than Wednesday, January 26, 2005.

Very truly yours,

McCORRISTON MILLER MUKAI MacKINNON LLP



Jonathan H. Steiner

JHS:jmc

cc: Samantha M. Ball, Esq.